

# Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

HF Homes Limited

Company number

SC315895

(a) Insert full name(s)  
and address(es) of  
administrator(s)

I / We (a) Colin Peter Dempster and Thomas Merchant Burton  
of Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

administrator(s) of the above company attach a progress report for the period

from

To

(b) Insert date

(b) 12 December 2008

(b) 11 June 2009

Signed

[Signature]  
Joint / Administrator(s)

Dated

20/7/09

## Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Jennifer Thorpe

Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

Tel: 0131 777 2289

DX Number:

DX Exchange:



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SCT 23/07/2009 654  
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF

DX 235 Edinburgh / LP 4 Edinburgh-2

THURSDAY

TO ALL KNOWN CREDITORS

21 July 2009

Ref: CPD/GWW/JT/PF16.1  
Direct line: 0131 777 2289  
Direct Fax: 0131 777 2213  
Jennifer Thorpe

Dear Sirs

**HF Homes Limited (In Administration) ("the Company")**

**Registered office address: Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ**

I write, in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 12 December 2008 to 11 June 2009 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 3 February 2009.

HF Homes Limited, registered number SC315895, entered administration on 12 December 2008 and C P Dempster and T M Burton ("the Administrators") were appointed to act as Administrators. The appointment was made by the Bank of Scotland plc under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986 and lodged in the Court of Session, Edinburgh. Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by either of them.

**Summary of progress**

As set out in the Administrators' Proposals, the Company's main assets were two partially complete development sites in Poole.

The site at Mount Road, Poole was acquired for £2.1m in September 2007 and had detailed planning permission for eighteen flats, of which fourteen were under construction on our appointment. Following the Administrators' appointment works were carried out to make the site secure and safe, particularly in relation to fencing the access to the underground car park.

Agents were appointed by the Administrators to ascertain the costs and timescale for completing the development, and the likely sales values of the units when complete. The agents also valued the site in its current state.

Having considered all of the options and in light of the fact that a number of parties had expressed an interest in the site as a whole, we concluded that a closing date for offers for the entire site should be set for 19 June 2009. At this date a number of offers were received, and following due consideration a preferred bidder was identified. The sale of the site was completed on 8 July 2009 for a sum significantly below the level of debt due to the secured



lender in respect of the site but which reflects the significant deterioration in land prices since the site was acquired.

The Company's other site at Balcombe Road, Poole, is a single block of eight luxury flats where construction is substantially complete. Following the Administrators' appointment, full-time security was put in place at the site to protect the value of the work done.

Construction at the site had stopped prior to the administration and we have been unable to locate detailed information on a number of outstanding building warrant queries. To satisfy these queries, we have had to strip back some of the previous works to allow the Council to inspect and approve the works. These issues, together with the general lack of paperwork required us to appoint surveyors to compile detailed costs to complete. We have also engaged agents to advise on the likely sales values of the units when complete.

Following a review of all the information available we concluded that realisations from the development would be maximised by completing the outstanding works and selling the units individually. The Bank of Scotland plc, the Company's secured lender is providing funds to complete the outstanding works.

It is clear that realisations from the Company's properties will be significantly below the debt due to the secured lender. Therefore there will be no funds available to enable a distribution to ordinary unsecured creditors.

#### **Remaining assets**

The Company's key remaining asset is the Balcombe Road site and I will provide a further update on progress on this site in my next progress report. The Directors' Statement of Affairs identified a small debt due from HMRC and steps are being taken to realise this outstanding VAT claim.

#### **Receipts and payments account**

I enclose a receipts and payments account for the period 12 December 2008 to 11 June 2009. This does not reflect estimated future realisations or costs and does not reflect the sale of the site at Mount Road as this completed out with the period covered by this report.

You will note from the Account that costs incurred to date have been met via an intercompany control account. To date, twenty-five companies within the Highmore Homes Group have entered administration. The Bank of Scotland plc have agreed that rather than provide funding to each individual company, the various administrations would be funded by a Group overdraft facility in Highmore Residential Limited (In Administration) ("Residential"). Accordingly, all costs are accounted for in each company but funded via the intercompany control account with Residential.

Certain costs have been incurred by Residential on behalf of the other Group companies, and these have been recharged accordingly.

### **Joint Administrators' remuneration and disbursements**

Based on the latest estimated realisations from the Company's assets, the Administrators believe that there will be no funds available to ordinary unsecured creditors. Accordingly, in terms Rule 2.39(3)(b)(i) of the Insolvency (Scotland) Rules 1986 the Administrators' remuneration shall be agreed by the Secured Creditors.

Details of time spent and charge out rates will be provided to the secured creditor and will be made available to any other creditor upon written request to the Joint Administrators. To date, £9,179 of fees have been taken in this case.

The statutory provisions relating to remuneration are set out in Rule 2.39 of the Insolvency (Scotland) Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors Guide to Administrators Fees' a copy of which may be accessed from the website of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Joint Administrators.

### **Secured Creditors**

The Bank of Scotland plc, the Company's principal secured lender, had indebtedness at 12 December 2008 of £7,535,061. The lending is secured over the Company's property assets.

### **Preferential Creditors**

As the Company had no employees we do not expect there to be any preferential creditors.

### **Non-preferential Creditors**

It is estimated that total non-preferential claims will be in the region of £150,617.

### **The prescribed part**

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Bank of Scotland plc holds a floating charge created on 18 July 2007.

The Joint Administrators estimate, to the best of their knowledge and belief, that

- ▶ the value of the Company's net property is £Nil and
- ▶ the value of the prescribed part is £Nil

The Joint Administrators do not intend to make an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part as there will be no funds available to the floating charge creditor.

**Distributions to creditors**

We are of the opinion that there will be insufficient property to enable a distribution to ordinary unsecured creditors.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully  
for HF Homes Limited

A handwritten signature in black ink, appearing to be 'C P Dempster', written over a horizontal line.

C P Dempster  
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account

The Institute of Chartered Accountants of Scotland authorises CP Dempster and TM Burton to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986

The affairs, business and property of the Company are being managed by the Joint Administrators, CP Dempster and TM Burton, who act as agents of the Company only and without personal liability.

**Appendix 1****HF Homes Limited (In Administration)*****Joint Administrators' Abstract of Receipts and Payments from 12 December 2008 to 11 June 2009*****RECEIPTS**

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**PAYMENTS**

Repairs and Renewals	(540.00)
Costs incurred by other Group companies on behalf of the Company	(10,506.54)
Security	(45,727.84)
Professional Fees	(22,802.59)
Agents Fees	(6,831.68)
Legal Fees	(14,201.23)
Administrators' Fees	(9,179.00)
Public Notices	(149.17)
Specific Bond	(24.00)

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**(109,862.05)**

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**Represented by:**

Floating – VAT Receivable	4,858.85
VAT Control Account	6,667.31
Intercompany Control Account	(121,388.21)
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